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CB.N - Q2 2024 Chubb Ltd Earnings Call

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OVERVIEW:

Company Summary

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Peter Enns *Chubb Ltd - Executive Vice President and Chief Financial Officer of Chubb Group*

Paul O'Connell *Chubb Ltd - Senior Vice President, Chief Actuary*

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CONFERENCE CALL PARTICIPANTS

Michael Zaremski *BMO Capital Markets - Analyst*

Brian Meredith *UBS Securities - Analyst*

Bob Huang *Morgan Stanley - Analyst*

David Motemaden *Evercore ISI - Analyst*

Yaron Kinar *Jefferies - Analyst*

Mike Ward *Citi - Analyst*

Gregory Peters *Raymond James - Analyst*

PRESENTATION

Operator

Good morning. My name is Eric, and I will be your conference operator today. At this time, I would like to welcome everyone to the Chubb Limited second quarter 2024 conference call. (Operator instructions)

I would now like to turn the call over to Karen Beyer, Senior Vice President, Investor Relations. Please go ahead.

Karen Beyer - *Chubb Ltd - Senior Vice President, Investor Relations*

Thank you, and good morning, everyone. Welcome to our June 30, 2024, second quarter earnings conference call. Our report today will contain forward-looking statements, including statements relating to company performance, pricing and business mix, growth opportunities, and economic and market conditions which are subject to risks and uncertainties and actual results may differ materially. Please see our recent SEC filings, earnings release, and financial supplement, which are available on our website at investors.chubb.com for more information on factors that could affect these matters. We will also refer today to non-GAAP financial measures, reconciliations of which to the most direct comparable GAAP measures and related details are provided in our earnings press release and financial supplement.

And now I'd like to introduce our speakers. First, we have Evan Greenberg, Chairman and Chief Executive Officer; followed by Peter Enns, our Chief Financial Officer. Then we'll take your questions. Also with us to assist with your questions are several members of our management team.

And now it's my pleasure to turn the call over to Evan.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Good morning.

As you saw from the numbers, we had another great quarter. We produced core operating EPS of $5.38, up 9.3%. Premium revenue growth reflects strong results in our businesses around the world. North America P&C, International P&C, and Life Insurance demonstrates the broad-based, diversified strength of our company. Our underwriting results were simply excellent: we published a combined ratio of 86.8%. We grew investment income more than 25%. Life segment income was up 8.7% with international life up double-digit.

Core operating income for the quarter was $2.2 billion, bringing year to date operating earnings to $4.4 billion, up 13.5% and a record six-month result.

P&C underwriting income in the quarter of $1.4 billion was essentially flat as a result of higher CAT losses globally. As you know, it was an active quarter for the industry. Our losses of $580 million compared with $400 million prior year, and they were in line with our modeled expectations, while last year's second quarter losses were light.

On an ex-CAT, current accident year basis, underwriting income of $1.8 billion was up over 11% with a combined ratio of 83.2%. Both were record underwriting results.

Investment income topped $1.5 billion, up nearly 26% and a record as well. At June 30, our reinvestment rate is averaging 5.9% and our fixed income portfolio yield is 4.9% versus 4.5% a year ago. Our liquidity is very strong and investment income will continue to grow as we reinvest cash flows at higher rates. Our invested asset now stands at $141 billion, and we expect it to continue growing.

Life segment income of $276 million was right in line with our plan.

Our annualized core operating ROE for the quarter was $13.3%, with a return on tangible equity of over 21%.

Peter will have more to say about financial items.

Turning to other matters, growth, pricing, and the rate environment, consolidated net premiums for the company increased 11.8% in the quarter, or 12.3% in constant dollars. We are a large diversified global insurer and our growth this quarter is again a reflection of who we are. Growth was broad based geographically by product and customer segments, both commercial and consumer, from North America commercial to North America consumer, International commercial, Asia, Europe, and Latin America to International consumer, particularly Asia and Latin America.

In terms of the commercial P&C rate environment, overall conditions remain favorable in both property, which is naturally more competitive, and casualty, which is firming in those classes that require rate. Loss cost inflation remained steady and within what we have contemplated in our pricing and our reserving. Property has become more competitive as more capital is entered. Our book is well priced and terms and conditions remain steady. Casualty is firming in the areas that need rate, and we see this trend in casualty enduring, and I'm going to give you some more color by division.

So let's start with North America. Premiums excluding agriculture were up 8% and consisted of 12.3% growth in personal lines and 6.7% growth in commercial, with all P&C lines including comp up 8.7% and Financial Lines down about 3%. We wrote over $1.3 billion of new business, which is a record. And our renewal retention on a policy count basis was 90%. Both speak to the reasonably disciplined tone of the market and our excellent operating performance.

Premiums in our Major Accounts and Specialty division increased 6.5%, with P&C up about 8% and Financial Lines down 2.5%. Our E&S business grew about 8.5%. Premiums in our middle market division increased about 7.5%, with P&C lines up almost 11% and Financial Lines down 4.5%.

Again, the underwriting environment in North America is generally favorable and rational, financial lines aside. P&C pricing excluding Financial Lines and comp was up 8.3% with rates up 5.5% and exposure change of 2.7%. Financial Lines pricing was down 3.2%, with rates down about 3.5% and exposure up 0.3%. In workers' comp, which includes both primary and large account risk management comp, pricing was up 4.2%, with rates up 1.6% and exposure up 2.6%.

And breaking down P&C pricing further, property pricing was up 5.3% with rates up about 1.1% and exposure change of 4.2%. Large account shared and layered and E&S property pricing was flat to down while in the middle market rates continue to rise about 7%. We are big in all three and again, all three are priced adequately. Casualty pricing in North America was up 11.7% with rates up 9.9% and exposure up 1.6%.

Loss costs in North America remain stable and in line with what we contemplate in our loss picks. Loss costs for P&C, excluding Financial Lines and comp are trending at 7.3%, with short-tail classes up 5.3% and casualty excluding comp at 8.6%. We are trending our first dollar work comp book at 4.6%.

As I said, when it comes to Financial Lines, the underwriting environment in a number of classes is simply not smart. We are trading growth for a reasonable underwriting margin. We are trending Financial Lines loss costs at just over 5%.

On the consumer side of North America, our high-net-worth personal lines business had another outstanding quarter with premium growth of over 12%, including new business growth of 30%. Premium growth for our true high net worth segments, the group that seeks our brand for the differentiated coverage and service we are known for, grew 17%. These numbers are really impressive when you consider our high-net-worth personal lines division is almost a $7-billion business. Our homeowners pricing was up 14.6% in the quarter, while the loss cost trend remained steady at 10.5%.

Turning to our International General Insurance operations, net premiums were up over 16.5% in constant dollars. Our International Commercial business grew nearly 14%, while consumer was up almost 21%. Asia Pacific led the way with premiums up 36% and excluding China's contribution, premiums were up over 9%. Latin America had a strong quarter with premiums up about 12%. Europe retail grew over 9% with the continent up 11%.

41% of our Overseas General division's premium is consumer, both A&H and personal lines, and it's growing at a good clip. In the quarter, premiums in our international A&H business were up over 10.5%, led by Asia Pacific and Europe.

Our international Personal Lines business had another excellent quarter with growth of 32%, led by Asia Pac and Latin America. We continue to achieve positive rate-to-exposure across our international commercial portfolio with retail property and casualty lines pricing up 6.1% and Financial Lines pricing down 4.1%.

Loss cost inflation across our international retail commercial portfolio is trending at 5.8% with P&C lines trending 6.1% and Financial Lines trending 4.8%.

In our international life insurance business, which is fundamentally Asia, premiums were up 31.7% in constant dollars. Excluding China, life premiums were up almost 10%. Depending on the country, growth was driven by tied agency, brokerage, bancassurance, and direct marketing distribution channels. International life earnings grew over 15% in the quarter in constant dollars.

Lastly, Global Re had a strong quarter with premium growth exceeding 40% and a combined ratio of 72.7%. Growth was property driven, both risk and CAT, and in the quarter we wrote more one-off structured transactions, which contributed to our growth.

In summary, as you can see, we had a great quarter, and again our results reflect the strength, the breadth, and the depth globally of the company. We are confident in our ability to continue growing our operating earnings at a superior rate through P&C revenue growth and underwriting margins, investment income, and life income.

I going to turn the call over to Peter, and then we're going to come back and take your questions.

Peter Enns - *Chubb Ltd - Executive Vice President and Chief Financial Officer of Chubb Group*

Good morning. As you know, our balance sheet and overall financial position are very strong and just got stronger, benefiting from our first half results. Our underwriting and investment results continue to generate substantial capital and significant positive cash flow.

Our book value reached over $61 billion or $151 per share and adjusted operating cash flow for the quarter and through six months were $3.6 billion and a record $7.2 billion, respectively.

We returned $939 million of capital to shareholders this quarter, including $570 million of share repurchases and $369 million in dividends and $1.6 billion in total through six months.

Book and tangible book value per share excluding AOCI, increased to 2.6% and 3.1%, respectively for the quarter and 4.9% and 6.1%, respectively, year-to-date, benefiting from core operating income, partially offset by capital return to shareholders noted earlier. In addition, we closed on two small acquisitions this quarter, Healthy Paws, a pet insurance business and Catalyst Aviation, which together diluted tangible book value by about $300 million. Core operating ROE and return on tangible equity were 13.3% and 21.1%, respectively for the quarter and 13.6% and a record 21.6% respectively, year-to-date.

Turning to investments. Our A-rated portfolio produced adjusted net investment income of $1.56 billion, which included approximately $30 million of higher-than-normal income from private equity in other areas. We expect our quarterly adjusted net investment income to average approximately $1.57 billion to $1.63 billion for the remainder of the year.

Regarding underwriting results, the quarter included pre-tax catastrophe losses of $580 million, which were principally from weather-related events split 75% in the US and 25% internationally. Prior period development in the quarter in our active companies was a positive $285 million pre-tax with $144 million in North America Commercial, $64 million in North America Personal, $61 million in Overseas general, and $16 million in Global Re. The $285 million was split, 35% long-tail lines, predominantly in North America commercial and 65% in short-tail lines.

Our corporate run-off portfolio had adverse development of $93 million, mostly coming from molestations-related claims development. Our paid-to-incurred ratio for the quarter was 71% and 77%, year-to-date.

Our core effective tax rate was 18.8% for the quarter, which is within our guided range. We continue to expect our core effective tax rate to be within 18.75% to 19.25% for the remainder of this year.

I'll now turn the call back over to Karen.

Karen Beyer - *Chubb Ltd - Senior Vice President, Investor Relations*

Thank you. We'll be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator instructions)

Michael Zaremski, BMO Capital Markets.

Michael Zaremski - *BMO Capital Markets - Analyst*

Most of the focus, as you know, and you guys, you gave good commentary Evan as you usually do on loss cost trends. I'm trying my best to use the live transcript to true up some of the quarter over quarter. I believe you made commentary about loss cost trend in North America, specifically being stable and in line with your expectations. But I think you said there was a -- it was excluding comp in the 8%s and I believe last quarter was in the 7%s, so just curious is loss cost trend changing a bit in terms of the trend line?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

No, there wasn't a change of loss cost and frankly, it was 7.3% is what I said for P&C lines, which excludes Financial Lines and comp. I think that's the way to look at it. And the 8%s was pricing, was up 8.3%, pricing exceeded loss cost for P&C lines.

Michael Zaremski - *BMO Capital Markets - Analyst*

Got it. Okay. Thanks for that clarification.

So just sticking with that. And I guess just my follow-up. There's a number of indices out there, which show that pricing in certain parts of the marketplace and even ex-Financial Lines are sub-6%, sub-5%. What would you say that -- I know you've talked about not accepting all business that's not priced adequately, but would you say that Chubb's kind of doing that more so today in terms of saying no to more business than it usually does in order to make sure you're keeping pricing above loss cost trends, whereas maybe others don't appear to be doing that when we see their trend lines on their loss ratios?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Well, I think I understood what you just said. Let me answer that. We wrote $1.3 billion of new business, that's a record. We grew in our P&C business 8% or so. And we gave comp separately, gave Financial Lines separately. The market overall, those numbers, as I said, I'm repeating myself, speak to the tone of the market, which is overall quite good. We published a combined ratio of 86.8% with higher CATs and 83.2% current accident year combined ratio. I'm hardly wringing my hands. Our results are outstanding underwriting results.

The pricing in the market is reasonably rational, Financial Lines side. The areas, and we're only writing business where we can earn an underwriting profit. And on all classes, we strive to earn an underwriting profit that reflects a good return on capital that we're deploying against that line of business.

In some classes, they're well priced and getting rate that equals loss cost, brilliant really. In some classes, there's pricing below loss cost because the margins are so decent. On our other classes and they're casualty related, we're writing the business because we're getting rate well in excess of loss cost as those lines approach their adequacy.

I hope that answers your question.

Michael Zaremski - *BMO Capital Markets - Analyst*

It does. Appreciate it.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Then if you look at something like the Financial Lines, there is a glaring example hiding in plain sight that demonstrates we are shrinking when we can't earn an adequate return, which is what we have done consistently for 20 years.

Operator

Paul Newsome, Piper Sandler.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Morning, Paul.

Operator

(multiple speakers)

Brian Meredith, UBS.

Brian Meredith - *UBS Securities - Analyst*

Given the good pricing you're still seeing in casualty lines right now, I'm just a little surprised that we aren't seeing more growth in that area from you all. And actually, if you just look at your pricing versus where the premium growth was, it almost looks like you're shrinking a little bit on an absolute unit basis. Maybe correct me if there's something else going on and I'm just not seeing it in the numbers?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

No, no. We're growing property and the unit count grew well. So and I don't -- and I don't know -- we don't have anything that reflects unit count.

Brian Meredith - *UBS Securities - Analyst*

Those in casualty?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

You can't see number of policies. And you're talking property, right?

Brian Meredith - *UBS Securities - Analyst*

No, no, I apologize. I said casualty. I'm just looking at your commercial casualty (inaudible) you gave us. My apologies.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

No, casualty is growing and it's growing in the areas that we think we should be growing. And then we have some areas, remember, in large account where we have been restructuring in troubled classes and increasing retentions. And we have accounts we've gotten off of or who left us because of change of terms and all of that was worth about $50 million in the quarter. And that will run it's strength. It's particularly auto liability related. But other than that, certain classes grew, some stayed flat, but overall casualty was up.

Brian Meredith - *UBS Securities - Analyst*

Makes sense. Thank you.

And then just second question. I appreciate all the color on loss trends and stuff, but given some of the uncertainty that others in the industry are talking about and know what's going on in the social inflation environment, are you all thinking about maybe or are adding some additional IBNR to perhaps loss picks and stuff? Or are we not at that point at this right now?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Yeah, that's a strange way of framing for me. You're either raising your loss pick, which is IBNR, it's IBNR in casualty generally. If it's on a more recent year, it's all IBNR. If it's due to case reserve on recent years then hang on to your hat. Whereas on older years, you could be raising your loss pick based actual incurred claim.

So to me, it's just simply another way of saying, are you raising your loss picks on more recent years. We already have raised our loss picks. It's already been baked into our business as we've gone along. And we've raised our loss cost trends and we take rate against loss costs and on a written basis and then to earn through. We've been picking higher loss ratios over the last few years. And that's just steady. We haven't adjusted our loss picks this year for what we see in loss cost trends. The loss cost trends, as I said, remain steady with what we have contemplated.

Now as you do reserve studies, there are individual classes where if you're taking a reserve charge, you're taking a reserve charge because that by its nature means you're raising through loss picks, which includes IBNR on a cohort of years. It may be that you're raising it just because of the development you see on older years. It may be that you see that flowing through to more – to change your view in more recent years and in which case, you raise them. But that's study by study.

I hope that answers your question.

Operator

Bob Huang, Morgan Stanley.

Bob Huang - *Morgan Stanley - Analyst*

I just want to shift gears a little bit to personal lines. You grew at a pretty incredible 42% premiums year to date. Can you maybe talk about the driver of this growth in North America personal? And also, how should we think about just the growth trajectory of this line going forward? I understand obviously homeowner and auto is going to be very different but just curious your thoughts going forward.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

We did not grow North America personal lines 42% year to date, but we've grown it double-digit year-to-date. And so just so we level set between each other. The line is growing at a very healthy rate. And look, – there's a combination of reasons. It's broad-based growth. We're not growing simply in, okay, CAT expose stressed areas. We're growing where high net worth customers have homes and so that would, of course, have a strong CAT exposed element to it. But we're growing at a broad variety of geographies across the United States.

We're getting the improved rate-to-exposure. Our pricing and we've worked on it for years now. Our ability to price the business is far more sophisticated and our by-peril pricing is very sophisticated. The services we provide and the richness of the coverage, if you are a customer whose profile meets our product, we're who you want. Because the richness of the coverage and the way we administer it, that's what our brand is well known about. And there is a real increase in demand for Chubb.

We are not the cheap guys on the street and in fact, there are many who I personally will tell them, if you're looking for a cheaper price, let me give you the name of three other insurance companies. But, no, they want Chubb and the renewal retention rate and the growth in new business, it's very gratifying that way. And we are improving our services and constantly improving our services and in the way we communicate with our customer and that is in front of us.

We can continue improving this and improve the – which is the competitive profile of the product area. So and then yes, in CAT-exposed areas, we're getting well paid for the business we're writing. I don't mind saying we're reshaping and have been shaping in CAT-exposed areas to a healthier portfolio in terms of the quality of risk and whether they're just given us CAT business or they're giving us a broad base of business beyond CAT exposure. And we're shaping that portfolio and getting priced reasonably for it. And we're purchasing enough protection to protect the balance sheet as we grow accumulations. So all in all, our personal lines business is in a very healthy place.

Bob Huang - *Morgan Stanley - Analyst*

Great. Thank you. Yeah, the 42% personal auto, I misspoke there.

So the second question is in the press release you talked about you're seeing a broad set of opportunities in Accident and Health and personal lines across the globe right. Can you maybe expand on where you think that opportunity resides. It feels like your European business is doing well, your Asia business is doing well. Is this global -- are you referring to more broadly speaking or is it more Southeast Asia, South Asia. Can you maybe give us a little bit more details there? Is it more organic, inorganic, things of that nature?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Love the question. Thank you.

Okay. So let's take Accident and Health. The combined insurance company in North America, which I'm going to start talking about more soon, but we've been a little quieter about it. It is growing at double-digits. It is a worksite voluntary benefits business, and it is growing at a very healthy double-digit clip. And that is our traditional Accident and Health. We're growing it for small account companies and middle and large account companies, one through brokerage, one through agency.

Our Accident and Health business in Asia Pacific has grown because we're the largest direct marketers of insurance in Asia, for sure, and maybe the world, it's over a $4.5 billion portfolio. And our direct marketed A&H business growing in Korea, growing through Southeast Asia is an excellent contributor. Our digital distributed consumer lines business, think A&H and personal lines with over 200 digital platforms from the Grab of Southeast Asia to the Nubank of Latin America for in -- what we call embedded or in path selling for Accident and Health and simple consumer products. Think householders, think term life insurance, think device coverage for protecting devices is growing out of -- that's our digital business growing at a very healthy double-digit clip, travel insurance in Asia, growing well. In Europe, employer-employee and direct marketed A&H growing very well. I could go on and on, but that's a flavor of how it may be giving you a sense granularly of how it is across the globe.

Bob Huang - *Morgan Stanley - Analyst*

Really, appreciate that so I think I look forward to more commentary down the road. Thank you.

Operator

David Motemaden, Evercore ISI.

David Motemaden - *Evercore ISI - Analyst*

I had a follow-up just on the North America P&C long tail ex-comp loss trend. It sounds like that increased about 1 point sequentially. Just wondering what you saw in the quarter?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

No, it did not. Go ahead, Paul.

Paul O'Connell - *Chubb Ltd - Senior Vice President, Chief Actuary*

I think last quarter, we had given a casualty number, which was 8.6% in comparison, that's a standalone casualty number. The number you just cited was P&C ex-Financial Lines and ex-workers comp, didn't change.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Did you hear that explanation to help you, David?

David Motemaden - *Evercore ISI - Analyst*

Yeah, yeah, I did. It was a little faint, but I think I got most of it. So it sounds…

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Do you want to -- let's repeat it. Paul, go ahead.

Paul O'Connell - *Chubb Ltd - Senior Vice President, Chief Actuary*

The numbers didn't change sequentially. It might have been a different mix or different combination of product lines. So the 7.3% that we cited was total ex-Financial Lines and ex-workers' compensation.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Which we think is the purest way for you to hear casualty.

Paul O'Connell - *Chubb Ltd - Senior Vice President, Chief Actuary*

Property and casualty.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Yeah, property and casualty. And then we gave casualty separately and the casualty separately hasn't changed.

Paul O'Connell - *Chubb Ltd - Senior Vice President, Chief Actuary*

(inaudible)

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

I mean, I'm looking at my Chief Actuary and I'm scratching my head. We haven't changed it.

David Motemaden - *Evercore ISI - Analyst*

Got it. Okay. That's helpful clarification on that front.

I guess we've obviously heard a lot of noise this quarter from just across the industry on more recent accident year casualty reserves. Doesn't sound like there's been any big shifts in the claim's environment just based on what you guys have done. But I'm wondering if you might just give some of your observations in terms of how we should be thinking about just the loss environment as the claim's environment normalizes following COVID?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Yes. Look, let me observe this way to you. On the loss side of it, we have been talking for many quarters, for years now about the inflation in the casualty loss cost environment. I won't go into all the reasons, but the litigation.

We have talked about the reasons, and we have talked about some of the areas, whether it is excess casualty related, auto liability related, and that's just not new noise or new facts. That's been for a long time we've been talking. We've talked about how inflation in that area has accelerated over a period of time. We talked about how the court system was closed down and how you had to be careful in not taking the head fake and continuing to trend up.

We've talked about how companies have managed this, and some have been quicker, some have been slower to recognize development. So everyone is in the boat of struggling to stay on top of it, some have reacted more quickly in their recognition in reserves and loss picks than others. So again, everyone struggles to stay on top.

We've talked about how reinsurers are the latest to the party. And those who may not have as good a data set or be as activist and intrusive in how they use data and interpret it for management information. All of that rolls together to make the soup everyone is obsessed about at this moment about casualty and I understand it. I say it that way because when it comes to Chubb, we have almost $65 billion of loss reserves, very broad based. We study them all on an annual basis, and we watch them all on a monthly and quarterly basis.

There's always something developing well, but something not developing as well as you imagine. It's never a precise science. On balance, our reserves are as strong and frankly, we said this in December, and I can tell you as of June 30, our loss reserves are stronger than they were in December in aggregate when we look at them today.

And that is with staying on top of the positive development in casualty, i.e., comp and other areas and the negative development that is occurring in auto liability and excess and umbrella, et cetera.

David, I hope that's much as I can say on the subject.

David Motemaden - *Evercore ISI - Analyst*

No, I really appreciate it. Thanks, Evan.

Operator

Yaron Kinar, Jefferies.

Yaron Kinar - *Jefferies - Analyst*

I want to maybe take a broader view here specifically on North America Commercial. So I think you've been running at a low 80s% underlying combined mid-80s% reported in recent years, including year to date. That's a whopping improvement relative to where it's been historically, right, 5 to 10 points better, I think. So how do you think about the balance of protecting these margins and risk adjusted returns on the one hand and pursuing growth on the other -- in the context of maybe elevated market uncertainty but these terrific margins?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Well, let's see. I think it speaks for itself. We grew at a pretty healthy clip when you look at it. Our middle market P&C business grew at 11%. Our E&S business grew at 8.7%. Our large account business grew at a slower clip. Our Financial Lines shrank while P&C grew. I've gone through that where rates achieve a risk-adjusted return. From everything we can tell, that we contemplate achieving, we're growing that business as fast as we can. Where it's not achieving it, we're striving to achieve it. Where we can’t earn an underwriting profit, we're shrinking. Where it's adequate, we're growing as fast as we can, and we have the capital, the depth of balance sheet, and an appetite, and knowledge, and geographic reach, and the distribution, brand, the underwriting capability to grow in those areas where we want to. And there are times we'll trade rate for growth and there are times we'll trade growth for rate. We're doing both.

When it comes to the current accident year combined ratio, I've said before and I've written this. It's very interesting about the industry's current accident year combined ratio ex-CAT. Property is a much larger part and growing -- everybody is more CAT levered because of the changes in the insurance market. The rates and terms. And we take the CAT loss out of the numerator but in the denominator, we leave all the premium. That naturally drives down our current accident year combined ratio in mix of business, all else being equal.

So it's -- I look at -- that's a part and partial of the published combined ratio, which is the primary number that everyone should look at. And the current accident year to look through volatility is a secondary indicator. And that's how I think about it. And I think what we published, an 86.8%, which has higher CAT losses than prior year's quarter because volatility in property is simply an outstanding number.

I hope that answers your question. This is a company with a big appetite. But a big appetite and an ambition to grow when we can earn a reasonable return.

Yaron Kinar - *Jefferies - Analyst*

Got it. And maybe to follow -- sorry, go ahead.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

No, I'm done.

Yaron Kinar - *Jefferies - Analyst*

So maybe to follow up on that. So in lines where you are getting rate in excess of trend, is it reasonable to think of an acceleration of growth in -- premium growth in those lines? So essentially, policies in force increasing or accelerating at a faster pace?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

There is. You can't see it and we're not going to disclose anything like that, but it is apparent to us. Again, we wrote $1.3 billion of new business, a record, and we had a renewal retention rate policy count of 90%. I rest my case.

Operator

Mike Ward, Citi.

Mike Ward - *Citi - Analyst*

I just -- I was wondering on the prior-period development, I don't think this has been asked but I was hoping you could maybe break down I think it was $144 million in North America commercial. I'm just curious if there were any notable movements within that, including long-tail casualty versus workers' comp?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Yes, sure. We studied large account comp this quarter and we studied auto liability across the organization, large, medium, small, all added together. Among other casualty lines that were studied, a variety of GL, general liability-related lines. Comp produced about $287 million release and the auto liability studies produced about $116 million of charge and not concentrated in any one-year spread out. And that was a major piece.

Mike Ward - *Citi - Analyst*

Okay. That's really helpful. Thank you.

And then maybe on a similar theme, but I saw some media reporting on an executive that you hired specifically to handle inflated jury verdicts. Just wondering if you could expand on that -- that role and how do you expect the industry to actually (multiple speakers)--

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Yeah, he is not going to handle inflated jury verdicts. That sounds like I hired somebody out of the mafia because I don't know any other way except with a mask and a gun. But what we're focused on is the litigation environment and what we can do to help galvanize and lead efforts among corporate America to pool our influence and our resources to impact the litigation environment which is going to be impacted through the political arena and the regulatory arena.

You got to get some laws changed and it's a state by state when you get down to the critical issues whether you're talking mass tort or you're talking individual large awards or you're talking litigation funding, any of that. So we're going to double down on focusing on that to work with corporate America that is waking up and becoming more energized about it. And I will, in the future, I'm sure, have more to say about it. And right now, we'll just go to work on it.

Operator

Gregory Peters, Raymond James.

Gregory Peters - *Raymond James - Analyst*

So you started to touch upon this in the last question, but I wanted to step back in the last 90 days, it seems like there's been a flurry of announcements from the company on management changes and promotions. And I'm curious, I mean if you could just step back and give us a snapshot of what's going on behind the curtain?

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Sure. Behind the curtain. No curtain. What an energizing thing for this organization. We have a very well oiled and effective succession management and key employee process we've been engaged in for over 18 years. And at my level, it involves keeping our eye on about 500 people across the company. The people who were promoted and the change of responsibilities is a reflection of that succession management process. These changes were planned over 18 months ago. The individuals knew, John Keogh knew, and we had planned it, John Lupica knew and we had planned for it. It's very orderly. It was individuals who have had a long history with the company. They're of our culture. They have the talent, the capability to do more.

The company, to state the obvious, look at the size and scale of it, it's growing and therefore, the structure has to adapt and the talent that you put in place has to reflect the opportunity set and all of the dynamics around management of the organization that you need to address all at once.

We have bigger strategic issues that have to do with opportunities. And we just talked about litigation. These massive structural things in front of us that Chubb, as a leader, has a responsibility and an opportunity, to participate in and we need leadership that can address that, all the day to day of our business and managing the day to day of our business as it grows more complicated and is more diverse.

And so part of my job is to reflect on all of that and to use the succession process we have that produces a deep, well-diversified bench of talent to match up against all of that. And that's what it reflects. And you know what’s so great is everyone who was on that those announcements know each other well, have been together well, for a long time and it means the team just got stronger.

Gregory Peters - *Raymond James - Analyst*

Great. I'm going to -- for my follow-up question, get out of the of North American commercial liability reserve sandbox and jump into the agricultural business. I was watching -- I think I checked (inaudible)

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

I think we dug all the sand out of that box. I'm like, I'm done, but go ahead.

Gregory Peters - *Raymond James - Analyst*

I figured, it’s exhausting.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

I’m so known for my patience.

Gregory Peters - *Raymond James - Analyst*

You handled yourself very well, so congratulations on that.

I checked the spot rate of a bushel of corn. Looks like it's down what some 30% year over year. So not that that's an arbiter of the outlook for your Ag business but maybe if you could give us an update on how this year looks to be shaping up. Obviously, I know the harvest seasons still emerging, but any color there would be helpful.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Yeah, I'm going to be very careful because I'm not going to jinx myself in the middle of the game. But where we have concentration of exposure, it is a very good growing season so far, particularly for corn and soybean. We have a well diversified book where we're heavier and we've always been west of the Mississippi, but in a very broad swath of geography, Midwest, upper Midwest, in particular and the growing conditions are very good.

When you see spot markets at this moment and it just -- it's not something to obsess about or look at really because it reflects what people are imagining. It's a speculative class and they're imagining what the -- what is -- what's the government going to say about growing and they're all out there looking at the ears of corn, counting the year's on stocks right now. And that's what's driving price at the moment. We'll see how it pans out but right now, it's shaping up well.

John, you wanted to say something about base price?

John Lupica - *Chubb Ltd - Vice Chairman of Chubb Group & Executive Chairman of North America Insurance*

Yeah, you noted a spot price below last year, but I think the more important number is what the base price was .and it's only off 10% from base price, which is a good spot for us right now.

Evan Greenberg - *Chubb Ltd - Chairman of the Board, Chief Executive Officer*

Which was within a lot of the deductible, frankly, 10% is a little outside deductible averages but look, who knows, we'll see.

Operator

I will now turn the call back over to Karen Beyer for closing remarks. Please go ahead.

Karen Beyer - *Chubb Ltd - Senior Vice President, Investor Relations*

Thanks, everyone, for joining us today. If you have any follow-up questions, we'll be around to take your call.

Enjoy the day. Thank you.

Operator

Ladies and gentlemen, this concludes today's call. Thank you all for joining, and you may now disconnect.
